



# NASACT news

Volume 22, Number 1

January 2002

## New Year Heralds Slate of Exciting Opportunities for NASACT Partnership, New York Conference, Economic Terrorism Issues on the Agenda

With nearly all members present, the NASACT Executive Committee met via conference call last week on January 11. The discussion centered around several current Association initiatives.

NASACT President Barbara Hafer gave an update on the Association's recently created Commission on Economic Terrorism. This Commission, which is comprised of NASACT members and other pension officials, last met in December with Treasury Undersecretary for Enforcement James Gurule to discuss how it could assist the federal government in efforts to combat financial terrorism. The Commission will be working to distribute a list of names, compiled by the Treasury Department, of entities that have supported terrorist activities. The Commission has learned of another such list, which was compiled by and is currently being selectively released by the Securities and Exchange Commission (SEC). The SEC has not to date been willing to release names from its list to NASACT's Commission or to Treasury officials. The cause for the secrecy surrounding the SEC's list of names is uncer-

tain at this time. Together with the U.S. Treasury Department, the Pennsylvania State Treasurer's Office recently started work on a pilot project designed to help pension planners and state officials match company names from the Treasury's list to investments made by states. Results from the effort will be shared with NASACT members as soon as they are available. The Commission is scheduled to meet again with Treasury officials sometime in March. Anyone still interested in joining the Commission may contact Ms. Hafer in the Pennsylvania State Treasurer's office for more information.

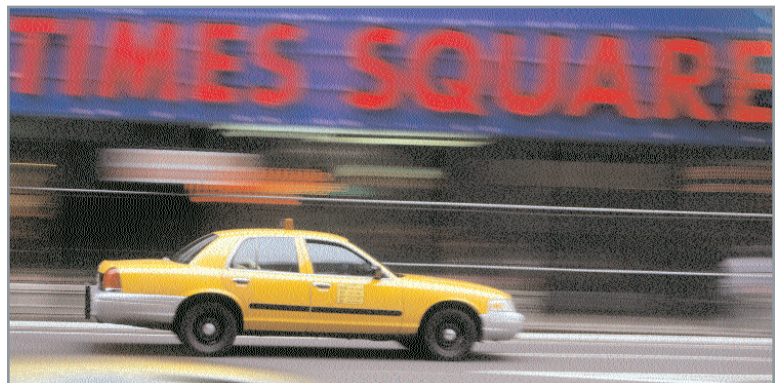
J. Kenneth Blackwell, chairman of the National Electronic Commerce Coordinating Council, gave a report on the programmatic and financial success of the NECCC conference held in Nevada this past December. More than 300 individuals attended and the program evaluations were excellent. Conference attendees voted unanimously to hold next year's conference in New York City. NECCC's Executive Committee will meet in Boston on January 25 to hold its planning meeting for the 2002 conference.

NASACT's representatives to the NECCC are Ralph Campbell, Jr., North Carolina state auditor, and vice chair of NECCC; Jack Markell, Delaware state treasurer and J.D. Williams, Idaho state comptroller and past chair of the NECCC.

Relmond Van Daniker, NASACT's executive director, reminded the Committee about a future meeting with the National Association of State Treasurers (NAST) regarding the possibility of consolidating staff in Washington D.C from each association into one office space at the Hall of the States. Comptroller Williams, NASACT's representative for the meeting and Ed Alter, Utah state treasurer and representative for NAST, will meet on January 22 in Washington D.C. to discuss the matter. Staff members from both associations will be in attendance.

The next meeting of the NASACT Executive Committee will be Saturday, March 23, in Las Vegas, Nevada. The meeting will be held in conjunction with the National Association of State Comptrollers' annual meeting. ■

*At the NECCC conference in December, attendees voted unanimously to host the next conference in New York City. Look for details about the conference, as well as NECCC Symposiums, in the coming months. For more information about NECCC, visit the organization's Web site at [www.ec3.org](http://www.ec3.org) or e-mail [ebarry@nasact.org](mailto:ebarry@nasact.org).*



# Update from GASB



## January 2002

### Early Implementers of Statements No. 34 and 35

The GASB was recently notified that the state of Oklahoma has become the first state government to issue its comprehensive annual financial report prepared under the new financial reporting model. Congratulations to Tom Daxon and the great financial reporting team in the Comptroller's Office. Oklahoma joins over 80 governments throughout the country that have issued one or more years of financial reports under the Statement 34 model—among them the cities of New York City, NY; Orlando, FL; Alexandria, VA; and Tracy, CA.

Links to the comprehensive annual financial reports of many governments that have implemented the new model can be found on the GASB Web site at [www.gasb.org](http://www.gasb.org). Information on implementation efforts and links to resources for governments and citizens can also be found on the site. If you know of other governments that have already implemented Statement 34 or 35, please contact the GASB at [dmmead@gasb.org](mailto:dmmead@gasb.org).

### GASB Codification and Original Pronouncements Now Available with Effects of Statement 34

The GASB's *Codification* and *Original Pronouncements* are now available as updated to include the effects of Statement 34. The 2001-2002 annual bound edition has been published in two separate versions to accommodate the different effective dates for Statement 34. In addition, the current update to the Govern-

mental Accounting Research System (GARS) now includes two completely separate research modules reflecting the two versions of *Codification* and *Original Pronouncements*. The GARS also includes all implementation guidance issued by the GASB. Implementation guides are not included in the bound editions.

### Two Separate Versions: Statement 34 and Non-Statement 34

The "Statement 34" version is for use by governments that are implementing Statement 34 and related pronouncements for years beginning June 15, 2001. Governments that are not implementing those Statements at that time would use the "non-Statement 34" version.

In both GARS and the annual bound editions, the different versions are represented as follows:

#### *Codification*

**Statement 34 Version:** Fully integrates the provisions of Statements 34, 35, 37, and 38 and Interpretation 6.

**Non-Statement 34 Version:** An appendix incorporating the provisions of Statement 34 and related pronouncements is included.

#### *Original Pronouncements*

**Statement 34 Version:** Paragraphs that have been amended or superseded by the provisions of Statements 34, 35, 37, and 38 and Interpretation 6 are highlighted.

**Non-Statement 34 Version:** The effects of Statements 34, 35, 37, and 38 and Interpretation 6 have not been noted, but the status pages of all pronouncements indicate future effects.

### How to Order

These items can be ordered through the GASB Order Department at (800) 748-0659 or online at [www.gasb.org](http://www.gasb.org). Be sure to specify whether you want the Statement 34 or non-Statement 34 version.

### Performance Measurement at State and Local Levels: A Summary of Survey Results

As part of the continuing GASB research on the use and effect of using performance measures by state and local governments, an extensive mail survey was sent to state budget offices, state agency staff, and city and county budget and department staff across the country. The study was conducted by the GASB SEA staff and Julia E. Melkers and Katherine G. Willoughby of Georgia State University with a grant from the Alfred P. Sloan Foundation.

An overview of the survey findings is now available. The summary presents results related to five areas of the use and effect of using performance measures: (1) To what extent are performance measures being used? (2) In what ways are performance measures being used? (3) How effective are the performance measures that are being used? (4) How are performance measures being maintained and communicated? and (5) How are performance measures being implemented?

Among the findings provided in the summary is the indication that the use of performance measures by state and local governments is continuing its growth. However, there is still a tendency to use input, activity, and output measures more than *outcome* measures. Those responding also indicated that they plan to increase their use of performance measures over the next several years.

Many respondents to the survey mentioned improving communication between

(article continued page 3)

# Oklahoma Implements GASB 34 "Sooner"

by *Deric Berousek*

Financial Reporting Analyst, Office of State Finance, Oklahoma

The Oklahoma Office of State Finance is pleased to announce that its comprehensive financial annual report for the fiscal year ended June 30, 2001, has been issued in compliance with GASB Statements 33-38. The report is dated December 29, 2001.

Following are a few issues that arose during the planning and conversion process that were more challenging than originally anticipated.

## Revenue Issues

Many revenue allocations are recorded at the account level in aggregate, instead of by function of government. In addition, many transfers that gross up revenue and expense are eliminated at the account level instead of at the function of government level. Therefore, this information had to be reanalyzed and broken down by function of government for presentation in the statement of activities.

Additionally, taxes had always been presented as a single line item on the operating statement in the past. Under GASB 34 (paragraph 52) taxes should be broken down by type of tax. This was not too difficult to determine in general, however, since many accruals and reversals had been made that required a tax type determination (i.e. income, gas, etc.).

## Capital Assets

The addition of infrastructure, as such a large number to add to the statement of net assets, was a primary area of concern for our auditors. Several different methods of calculating infrastructure were tried before deciding to use estimated historical cost based on capital outlay expenditures from 1916-2000 less an estimated historical cost for right-of-way.

With the new requirement to provide depreciation, there were many revisions to the beginning balances of capital assets as agencies set up new schedules and databases to track more detailed information of historical cost and depreciation.

## Other

Several independent audits were not timely and lacked the uniform presentation of prior years. Some audits did not include information on additions and reductions of noncurrent liabilities, and other audits did not break down accumulated depreciation by class of assets.

The state of Oklahoma does not have centralized leave records and depends on the various agencies themselves to provide additions and deletions for compensated absences. This information was not initially available, and gathering it required some programming changes for numerous agencies.

There was some uncertainty about presenting the *Statement of Changes in Assets and Liabilities for Agency Funds* before receiving confirmation from GFOA that it was required for the certificate program.

It was very time consuming to write the *Management's Discussion & Analysis*, rewrite the *Summary of Significant Accounting Policies* and reformat most of the note disclosures.

Many issues surfaced throughout the process, but the ones mentioned above took more of our time than expected. Overall we feel the new statements provide a clearer, more business-like presentation of the long-term financial position for the state of Oklahoma. ■

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*For additional information about Oklahoma's implementation of GASB 34, e-mail Mr. Berousek at [Deric.Berousek@osf.state.ok.us](mailto:Deric.Berousek@osf.state.ok.us).*

## Update from GASB (continued)

departments and programs, increasing awareness of and focus on results, and improving responsiveness to customers as areas in which performance measures are being used effectively. Also mentioned was the use of performance measures in changing strategy to achieve desired results.

The summary report of the survey findings has been posted to the Performance Measurement for Government (PMG) Web site at [www.seagov.org](http://www.seagov.org). The report is available in pdf format for downloading. Additional analyses of the survey findings are being published by Professors Melkers and Willoughby, and notices will be posted on the PMG Web site as they are completed.

## GASB Calendar

The GASB has scheduled the following public meeting dates. The precise time and date, as well as the agenda, will be announced just before each meeting. Unless otherwise indicated, all meetings are held at the GASB offices in Norwalk, Connecticut.

Week of January 21, 2002  
Week of March 4, 2002

The Governmental Accounting Standards Advisory Council is meeting in New York City on January 25.

Observers are welcome to attend GASB meetings. If you plan to attend any of them, please notify Ellen Falk at (203) 847-0700, extension 210, or by e-mail at [ewfalk@gasb.org](mailto:ewfalk@gasb.org). ■



# News from Around the Nation

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## Vilsack & Pederson Propose Single Administrative Agency in Iowa

Savings and Greater Efficiency are Expected Results

Iowa Governor Tom Vilsack and Lt. Governor Sally Pederson recently outlined a proposal for combining several state departments into one single administrative agency. Under their plan for consolidation, functions currently in the Department of Personnel, Information Technology Department, Iowa Communications Network, and General Services, as well as the accounting responsibilities of the

Department of Revenue and Finance, would be folded into one department in fiscal year 2003. The plan includes eventually incorporating the Department of Management, as well. The new agency will be called the Department of Asset Management.

Vilsack stated, "We must continue to look for ways to improve government by increasing responsiveness and accountability while cutting costs. A single administrative agency will save more than \$3 million in fiscal year 2003, and additional money each year after. Just as significantly, the consolidation streamlines state government and encourages more entrepreneurial management by state agency directors."

The new agency would have four divisions—human resources, information resources, infrastructure resources, and financial resources. Under the current structure, these functions are duplicated among various agencies.

Creating a single administrative agency requires legislative approval. "A single administrative agency will provide better customer services and allow both greater flexibility and efficiencies," Pederson said. "We look forward to working with legislative leaders on this innovation that ultimately leads to a better government for the people of Iowa." ■

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## November NJ Revenue Collections Improve

Acting Governor Puts Another \$43.4 Million in Reserve

State revenue figures for November released recently by Acting State Treasurer Peter Lawrance show an improvement over the previous month, yet continue to reflect the fallout from September 11 and a weakened national economy. Revenues for November totaled more than \$1.5 billion, which is 6.9 percent or \$115.1 million below the budget forecast for the month. This compares with October's variance of 9.4 percent below the forecast.

"While collections are lower than anticipated," said Lawrance, "the monthly loss is not as great as October. This indicates that consumers are resuming, to some extent, their normal spending patterns."

Revenues for the first five months of the fiscal year were down \$316.5 million, which is 4 percent lower than projected.

"We've contended since September 11 that it would take several months before we could get a handle on the exact extent of any revenue shortfall that the state is

facing," Lawrance stated. "We think that October reflected the immediate economic offsets of the attack, and the November numbers suggest that the situation will improve moving forward."

Lawrance added, "Keep in mind that we are still faced with tax filing deadline extensions, mail delays and other variables in the aftermath of the terrorist attacks. The new year will bring a period in which extensions expire and many taxpayers will be adjusting their payments for the second quarter of the state's fiscal year (October-December). These factors, combined with what appears to be a good holiday season for retailers, should help improve the revenue outlook for the remainder of fiscal year 2002.

Since September 11, Acting Governor Donald DiFrancesco implemented a number of specific measures to provide budget solutions to address the impending shortfalls. In addition to a \$1.02 billion budget surplus, the acting governor placed nearly \$550 million in state funding in reserve; identified an additional \$220 million in year-end surplus funding from fiscal year 2001; ordered a comprehensive state hiring freeze; directed cabinet officers to submit plans for five percent departmental budget reductions; suspended

equipment purchases; and ordered a review of all contract and purchase orders to identify additional savings.

Acting Governor DiFrancesco also placed an additional \$43.4 million in reserve, bringing the reserve total to just under \$600 million.

Dollars generated through these efforts, combined with the budget surplus, provide a cushion of more than \$1.8 billion to deal with the revenue shortfall.

While treasury believes the extent of the shortfalls will be less than all of these savings combined, the acting treasurer and acting governor will continue to work closely with the incoming administration to provide additional options for spending cuts.

"The legislature and acting governor enacted a balanced, responsible, and fiscally sound budget, and the treasury continues to manage the taxpayers money in this manner," Lawrance stated. "These measures provide a detailed budget-cutting blueprint for Governor-elect McGreevy to use during the coming months." ■

# News from Around the Nation (continued)

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## AICPA Global Credential Voted Down

Members of the AICPA have voted down a proposed bylaw change that would have enabled the “granting of an interdisciplinary global credential by an affiliated entity to qualified persons who seek to obtain it.” Approximately 134,000 members cast ballots, with 62.7 percent voting against and 37.3 percent voting in favor. Approval by two-thirds of the members voting was necessary for the initiative to move from exploration to implementation.

“We believe we took the right course by putting this proposal into the hands of the members,” said Barry Melancon, AICPA president and CEO. “The members have spoken and we will not move forward with this initiative. Although many CPAs did not see this credential as the solution to issues that they are facing, numerous members and state CPA societies were

actively involved in the debate. We have learned a great deal from this dialogue, and we will use this knowledge to find new solutions.”

The intensive discussion about the credential focused CPAs’ attention on how to maintain and extend the profession’s value in the business and financial community. In the course of the debate, members voiced a number of concerns including the increase of non-CPAs in professional services and the gap between public perceptions and the day-to-day realities of what a CPA does. Members also focused on declining student enrollment in accounting programs.

“The member, market and student research that was conducted throughout this exploratory process provided invaluable information that the AICPA is using to sharpen its focus and take actions designed to add value not only to CPAs today, but also to the next generation of CPAs,” said Melancon.

Enabling CPAs to preserve their public interest foundation while staying in tune with market needs remains on top of the AICPA’s agenda. “The leadership of the Institute has a rock solid commitment to fulfill our mandate to protect the public interest in the audit and financial reporting environment,” said AICPA Chairman James Castellano. “At the same time, we fully recognize how important it is for us to help CPAs deliver traditional, as well as leading edge, services.”

The AICPA was part of an international consortium of professional accounting organizations studying the development of a new global business credential characterized by its breadth of knowledge, strategic focus, and professional rigor. The concept for the credential originated with the deliberations by AICPA’s Strategic Planning Committee on how best to help the profession realize the full potential of the CPA Vision. ■

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## PFF Honors Maine with Digital State 2001 Award

On January 10, Progress and Freedom Foundation (PFF) Research Fellow Kent Lassman presented a Digital State 2001 Award to the governor of Maine, Angus S. King, Jr., and the state’s chief information officer, Harry Lamphear, in recognition of the state’s rank among the top five states in the 2001 Digital State Survey.

The annual survey, conducted by PFF and the Center for Digital Government, documents progress made by states in adopting digital technologies to improve delivery of services to citizens. Cathilea Robinette, president of the Center for Digital

Government, joined Lassman at the presentation. Results of the survey are published in the report, *The Digital State 2001*, sponsored by the Compaq Computer Corporation.

Maine tied for fifth place with Arizona in the 2001 survey. Lassman, author of the report, noted that Maine jumped from 35th place in the 2000 survey to fifth in 2001. Maine ranked second in the category of e-commerce and business regulation and third in social services and in management and administration. Illinois and Kansas tied for first place and Washington ranked third in 2001.

“We are happy to honor Maine’s efforts to deliver services and to create the technology-

based infrastructure needed to govern in the twenty-first century,” said Lassman, who also directs PFF’s Digital Policy Network, which focuses on how the digital revolution affects state governments.

Lassman pointed out that nearly all Maine licenses—from fishing to driving licenses—can be applied for online; that vendors can bid for state contracts online and that Maine’s Bureau of Health uses the Internet to connect pharmacies to the state Medicaid prescription drug program.

“Maine has embraced e-government,” said Governor King. “Our ranking as one of the five most digital states helps underscore Maine’s role as a leader in providing e-government services.” ■

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**MEMBER POLL** In an effort to enhance resources on NASACT’s Web site, we would like to hear from you on the following topic: *What Web links do you use on a daily or weekly basis? What electronic publications or Internet resources would you recommend to a colleague? E-mail your responses to [gjohnson@nasact.org](mailto:gjohnson@nasact.org).*

# News from Around the Nation (continued)

## PA Auditor Finds \$103,000 Paid to Unregulated Child Care Providers

**T**wenty-five unregulated child care providers with criminal backgrounds—including an uncle convicted of statutory rape and corruption of minors, and a man who was charged with simple assault and terroristic threats—were paid over \$100,000 in public funds through Pennsylvania’s subsidized child care program, according to an audit released in December by Auditor General Robert P. Casey, Jr. Two of these 25 providers were grandparents; two were arrested on days they were caring for children; and six were incarcerated in a state correctional institution during the time they were supposedly providing child care services.

The payments made to unregulated providers were made through Child Care Information Service (CCIS) agencies, entities that contract with the Pennsylvania Department of Public Welfare (DPW) to monitor and implement the subsidized child care program.

“The commonwealth has an obligation, both to taxpayers and to the families who participate in the subsidized child care program, to implement effective measures to protect children whose care is funded with public money,” Casey said. “Although our audit already has prompted DPW to reverse its fiscally irresponsible policy of paying state dollars to child care providers without first knowing if they have criminal histories, more improvements are needed to protect the safety of all children in unregulated child care settings.”

“Since 1998, I have joined Pennsylvania families, child care providers and advocates, public officials and taxpayers in calling on the governor and the legislature to require and pay for criminal and child

abuse background checks for all unregulated child care providers who participate in the state’s subsidized child care program,” Casey said. “If background checks had been performed on these unregulated providers, the state could have prevented the payment of public funds to individuals who could not legally be hired by a regulated child care facility, and more importantly, the state would have better met its goal of ensuring that children are safe in all child care settings.”

DPW’s child care regulations seek “to provide standards to aid in protecting the health, safety, and rights of children and to reduce the risks to children” in child care facilities. In addition, Pennsylvania’s Child Protective Services Law (CPSL) requires employees in child day care centers, group child day care homes, and family child day care homes to undergo criminal and child abuse background checks.

Six of the 25 providers identified with criminal records were paid more than \$30,000 through the program, even though they were incarcerated in a state correctional institution during the time they were supposedly providing child care services. In all cases checks were made payable to the providers, but the person who received the money may not have been the provider. Auditors referred these suspected fraud cases to their respective district attorneys’ offices for prosecutorial review.

When auditors first discovered that there were unregulated providers with criminal backgrounds in the subsidized child care program, the Department of the Auditor General immediately informed the DPW. On August 1, 2001, almost a year after Casey commenced this audit and more than six months after being notified about the providers with serious criminal histories, DPW announced that the common-

wealth would once again require child abuse and criminal background checks for some unregulated providers who participate in the program. However, under the new policy, grandparents, aunts and uncles may be exempt from the criminal background checks.

“This audit confirms that if a person’s criminal background prevents them from getting a job in a child care center, they should not be allowed to receive state funds to watch children unsupervised in their own home,” Casey said. “And the refusal to pay public funds to child care providers who have been convicted of serious crimes should extend to all providers—including family members.”

Casey recommended that DPW work with the general assembly to require criminal background checks on all child care providers who receive state funds to care for children. He said that DPW should help parents select a different provider if their current provider, including a grandparent, aunt or uncle, is convicted of a serious offense. Casey also recommended that DPW ensure that people who are incarcerated do not get paid for providing child care, determine who actually received and cashed checks for the incarcerated individuals and seek repayment of commonwealth funds.

This past October, DPW officials told auditors that at the end of August CCIS agencies began submitting criminal record and child abuse background checks for providers from families who were newly enrolled in the program. As of November 9, 2001, DPW had processed 2,029 applications and found four ineligible providers. ■

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*For more information on this audit, visit the Pennsylvania auditor general’s Web site at [www.auditorgeneral.state.pa.us](http://www.auditorgeneral.state.pa.us).*

NASACT members like to know about interesting news and innovative programs from state government offices around the country. Do you have news to share from your office? If so, send articles, press releases, photos or ideas to NASACT News editor, Glenda Johnson, at [gjohnson@nasact.org](mailto:gjohnson@nasact.org).

# News from Washington

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## 2001 Tax Bill Could Provide Additional Administration in Nonconforming States

When the President signed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) into law, a number of changes to the pension and retirement provisions of the Internal Revenue Code resulted. These changes were crafted to increase, over time, an individual's voluntary contribution to retirement vehicles such as IRAs, 401(k)s and other deferred retirement arrangements. The Act also creates new voluntary deferral arrangements and increases the portability of 403(b) and 457 plans.

Public pension advocates have recently been approached by the Securities Industry Association (brokers/dealers), the American Benefits Council (private plan sponsors), Investment Company Institute (mutual funds) and others concerning state tax codes that do not automatically conform to the changes enacted in the EGTRRA. While most states which impose a state income tax use the federal Internal Revenue Code (IRC) as the basis for calculating state taxable income or conform to the version of the IRC which is in effect for the particular year (automatically reflecting changes to the IRC in

the calculation of state taxable income), others conform to the version of the IRC which is in effect on a specific date and will not automatically reflect changes in the law. Without conforming legislation to reflect EGTRRA's changes to the IRC, there will potentially be significant state tax effects for employees and employers for those in "nonconforming" states.

Examples cited are inclusion in state taxable income of amounts rolled over to previously disallowed retirement vehicles; inclusion in state taxable income of amounts contributed to workplace savings plans and IRAs, but which are non-deductible for state tax purposes; record keeping and reporting burdens for employers who may be required to track and report non-deductible amounts contributed to workplace savings plans; increased record keeping burdens for individuals to keep records of non-deductible contributions to workplace savings plans and IRAs; and potential disqualification of retirement plans and IRAs, and corresponding loss of tax deferral on the assets held in the plans and IRAs. Unfortunately, many of these provisions will likely have a negative revenue impact for states, which could be a problem considering the pending budget crunches.

A preliminary list of "nonconforming" states includes Alabama, Arizona, Arkansas, California, District of Columbia, Georgia, Hawaii, Idaho,

Indiana, Iowa, Kentucky, Maine, Massachusetts, Minnesota, New Jersey, North Carolina, Oregon, South Carolina, West Virginia and Wisconsin.

The above mentioned states will most likely have to seek a legislative change to conform. Therefore, until a change is adopted by the state legislature, the non-conforming states may either not allow an increase—thus defying the intent of the law to help individuals increase retirement savings, or allow employees to increase the amounts to meet the new federal levels and comply with an add-back modification for state taxable income until a legislative change can be achieved.

The National Association of State Retirement Administrators and the National Conference of State Legislatures are finalizing a list of the states that will specifically have conformity issues with EGTRRA, and they will continue to keep NASACT apprised of the potential situation. Several groups are also forming an alliance to seek conformity legislation in states where it is needed. For additional information, please contact NASACT's Washington Office at (202) 624-5451. ■

*\*Much of the information in this article was provided by the National Association of State Retirement Administrators.*

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## President Signs HIPAA Extension

President Bush recently signed a bill that will delay the compliance deadline for the Health Insurance Portability and Accountability Act (HIPAA) transactions, standards, and code set regulations by one year, until Oct. 16, 2003. This bill was approved by congress late last month and requires health plans and providers

that wish to take advantage of the extension to submit compliance plans by October of 2002. These compliance plans must include a budget, work plan, implementation strategy, and testing period to begin no later than April 16, 2003. If a plan is not submitted, the institution or health care provider may possibly risk exclusion from Medicare benefits.

When passed by congress in late December, the HIPAA extension faced

opposition from the American Hospital Association, the Association of American Medical Colleges and the Federation of American Hospitals. These groups cited that an extension would only penalize hospitals and health systems that have worked to meet the October 2002 compliance deadline, even though the new law is not intended to affect the April 2003 compliance deadline for HIPAA privacy regulations. ■

To stay informed about all of NASACT's Washington activities, visit the Washington Connection at [www.nasact.org](http://www.nasact.org).



# News from Washington (continued)

## Streamlined Sales Tax Project Discusses Uniform Computer Software Definitions

On January 2 the Streamlined Sales Tax Project outlined four alternatives to establishing a uniform definition for computer software to simplify sales tax issues across multiple states. The project is made up of a coalition of tax administrators from more than 30 states, and is charged with developing a simpler, uniform, and fair system of state and use taxation. Members of the project believe such a collection system would remove the burden imposed on all retailers, preserve state sovereignty, and enhance the ability of American firms to compete in the global and information economy.

In a recent survey on state taxation of software conducted by the SSTP, 28 states indicated having a tax on "canned" software—pre-written software that is not

developed by an author for the specifications of an individual purchaser. However, only 13 states tax software regardless of how it is delivered, leaving 15 states that do not tax electronically delivered software. In an effort to reach a consensus on this issue, the SSTP created a draft paper outlining four possible models to consider:

- ⇒ *creation of definitions for software using words and phrases from various state sources or from the Uniform Computer Information Transactions Act;*
- ⇒ *creation of definitions for software, custom computer software, configurations and modifications of software, and electronic delivery;*
- ⇒ *use of terminology from federal regulations on software-related income sourcing, which categorizes transactions based on copyright transfer and the provision of services;*

⇒ *creation of definitions only for software, prewritten software, and electronic delivery.*

The Tangible Property Subgroup of the SSTP prefers the fourth model, mainly because the majority of states tax all computer software and make some distinction as to method of delivery. The fourth option also allows flexibility among the states to tax or exempt software with very little disruption to existing law. The draft paper further defends this choice by pointing out that the goal of the SSTP is to provide states and retailers uniform definitions to ease tax treatments and sales tax compliance burdens.

The full SSTP will meet on January 23 and 24 in New Orleans to further assess options, as well as make a formal recommendation to state delegates whose work it is to implement the new system. Delegates will then be asked to decide whether to accept the recommendation as an initial point for the interstate agreement they hope to have developed by the summer of 2003. ■

## 16th Annual Cash Management & E-Commerce Conference, May 16-17



Mark your calendar now for the 16th annual NASACT Cash Management & E-Commerce Conference, scheduled for May 16-17 in Washington, D.C. An optional workshop about issues related to the Cash Management Improvement Act will also be held immediately prior to the conference on May 15. This year's conference agenda will include discussions of electronic treasury functions, investment choices in today's economic environment, federal/state financial and grants management initiatives, new payment methods, streamlining of cash management activities, current trends in fighting check fraud, and much more. Leaders in financial management from the state, federal, and private sectors will be in attendance to lead discussions.

The conference will be held at the Hotel Washington. Room rates are \$119/single and \$146/double (government per diem, plus tax). The cut-off date to reserve hotel rooms at this rate is April 15. To make your reservation, contact Hotel Washington directly by calling (800) 424-9540.

Fees for the conference for NASACT members and government officials are \$295 (by April 15) and \$325 (April 16 and later). Fees for non-government professionals are \$450 (by April 15) and \$495 (April 16 and later). The fee to attend the pre-conference workshop is \$100 for all attendees.

Online registration for the conference will be available on NASACT's Web site in mid-March. Please contact Cornelia Schneider in NASACT's Washington office at [cschneider@nasact.org](mailto:cschneider@nasact.org) or (202) 624-5451 to get additional information. ■



# Calendar of Events

Register for most of these events on NASACT's Web site:  
[www.nasact.org/conferences/index.html](http://www.nasact.org/conferences/index.html)

**February 15-16** • NSAA Business Meeting & Committee Meetings, Atlanta, GA  
**March 19** • State ASAP Users Group, Las Vegas, NV  
**March 19** • State PeopleSoft Payroll Users Group, Las Vegas, NV  
**March 19-20** • State Government Payroll Group, Las Vegas, NV  
**March 20** • GASB 34 Workshop, Las Vegas, NV  
**March 20** • State AMS Users Group, Las Vegas, NV  
**March 21-23** • NASC Annual Conference, Las Vegas, NV  
**March 23** • NASACT Executive Committee Meeting, Las Vegas, NV  
**May 8** • NASACT/AGA Training Teleconference  
**May 15** • NASACT Federal/State Issues Workshop, Washington, DC  
**May 16-17** • NASACT Cash Management Conference, Washington, DC  
**June 6-8** • NSAA Annual Conference, Gulf Shores, AL  
**September 4** • NSAA IT Workshop, Phoenix, AZ  
**September 5-7** • NSAA IT/Middle Management Conference, Phoenix, AZ  
**September 9-10** • Training Directors Forum, Phoenix, AZ  
**September 23-25** • NASACT/AGA State & Local Government Leadership Conference, Richmond, VA

## Make Plans Now for the NSAA Business Meeting

The National State Auditors Association will hold its next business meeting on Saturday, February 16 at the Westin Peachtree Plaza Hotel in Atlanta, Georgia. The business meeting will begin at 10:00 a.m. (Eastern time).

NSAA committees are also scheduled to meet beginning on Friday, February 15 at 10:00 a.m. and continuing through Saturday, February 16. A complete schedule of all committee meetings, along with the agendas for both the NSAA Executive Committee meeting and the Business Meeting will be posted to NASACT's Web site within the next few weeks.

### Fees

The registration fee to attend these meetings is \$100. Those interested can register online through February 8.

### Hotel

The Westin Peachtree Plaza Hotel is located at 210 Peachtree Street NW, in Atlanta, Georgia. Hotel reservations

may be made by contacting the Westin at (404) 659-1400 and referencing the National State Auditors Association group. The conference room rate is \$93/single and \$113/double plus tax. Please note that the cut-off date for this rate is Thursday, January 31, 2002.

### Transportation

On the MARTA (Metro Atlanta Regional Transit Authority), any north-bound train from baggage claim will take you to the Peachtree Center Station (N1). Taxi service to the hotel is available from the airport at a flat rate of \$18/one person, \$20/two people, and \$24/three people. The Atlanta Airport Shuttle departs from the airport baggage claim every 15-20 minutes (no reservation required). For shuttle service back to the airport, check with the Westin for scheduled pick-up times (reservation required). Cost is \$12/one way and \$20/round trip.

Please contact Sherri Rowland, assistant program manager at NASACT, with any questions at [srowland@nasact.org](mailto:srowland@nasact.org). ■

## NASACT News January 2002

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### NASACT Officers

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State Comptroller, Alabama

The next issue of *NASACT News* will be published in February 2002. To submit articles or ideas for *NASACT News*, send information to Glenda Johnson, Editor of *NASACT News*, by February 7 via e-mail at [gjohnson@nasact.org](mailto:gjohnson@nasact.org) or by calling the Lexington office at (859) 276-1147.

# Personnel Notes

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## Townsend Appointed Nevada Legislative Auditor



Nevada's Legislative Commission approved the appointment of Paul Townsend as the state's Legislative Auditor on December 14, 2001.

Mr. Townsend received his bachelor of science degree from the University of Nevada, where he majored in accounting. After graduating, he worked in public accounting and obtained his CPA certificate from the Nevada State Board of Accountancy. Mr. Townsend left public accounting in 1987 to join the Audit Division of Nevada's Legislative Counsel Bureau as a deputy legislative Auditor, and was later promoted to the position of audit supervisor. Since joining the Audit Division, he has supervised numerous audits of state agencies.

Most recently he has performed the following functions:

- ⇒ Supervised the audit of Nevada's school districts. This audit provided members of the 2001 Legislative Session with financial information on amounts school districts spent on textbooks and instructional supplies, and the availability of textbooks to students.
- ⇒ Supervised the audit of Inmate Medical Services at the Department of Prisons. This audit identified significant cost

saving opportunities. The audit also provided information during the 1999 legislative session to assist legislators in determining if this function, and its 300 employees, should be privatized.

- ⇒ Supervised the audit of the university and community college system. This audit provided a detailed evaluation of the university system's budgetary controls.

In all, Mr. Townsend has 17 years of financial and performance auditing experience. Paul is also a Certified Internal Auditor and a member of the American Institute of Certified Public Accountants, Nevada Society of CPAs, and the Institute of Internal Auditors.

He has participated in NSAA Quality Control Reviews of Hawaii, as the team leader, and of Montana, as a team member. His hobbies include skiing at neighboring Lake Tahoe ski resorts in the winter, and bicycling in the summer.

NASACT congratulates Mr. Townsend on his appointment! ■

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## Hawaii Comptroller, Okimoto, Appointed in December

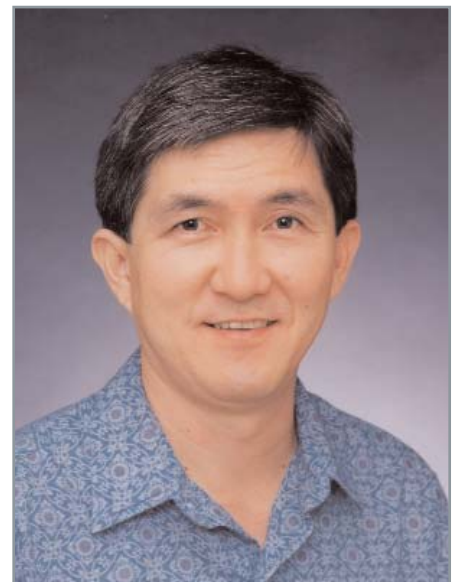
Glenn M. Okimoto, Ph.D., was appointed comptroller of Hawaii in December 2001. As comptroller, he will plan, direct and conduct centralized accounting, auditing, risk management, property management, and more, and he will manage a variety of general services. He will supervise a staff of nearly 1,000 employees.

Dr. Okimoto has bachelor and master of science degrees in agricultural technology and resource economics, as well as a doctor of philosophy degree in agriculture and resource economics—all from the University of Hawaii. In 1983 he completed a certificate program in public administration at the University of

Hawaii, and in 1989 he attended Hawaii's Management Development and Leadership Academy.

Dr. Okimoto has a diverse professional background that includes serving as a part-time lecturer at the University of Hawaii's Kapiolani Community College from 1986 to 1996 and working as a legislative aid for the state's Senate Committee on Transportation from 1990 to 1991. He has also served in various positions in the state's Department of Transportation, including economist from 1981 to 1989, program evaluation analyst manager from 1989 to 1994, and deputy director from 1994 to 2001.

Dr. Okimoto is a member of Gamma Sigma Delta, the Government Finance Officer's Association and a local economic association. He enjoys tennis and golf and spending time with his family.



NASACT congratulates Dr. Okimoto on his appointment! ■